



April 30, 2002

The Honorable Paul H. O'Neill  
Secretary of the Treasury  
Washington, D.C. 20220

Dear Mr. Secretary:

Enclosed is my Semiannual Report to the Congress. This report summarizes the activities of the Office of Inspector General for the 6-month period ending March 31, 2002, and highlights both the important accomplishments and some serious deficiencies in the Department's programs and operations.

We are looking forward to fiscal year 2003 and developing a work plan to address <INSERT HERE> challenges facing the Department. We also plan to undertake work that will contribute to the Department's efforts to <INSERT HERE>.

Sincerely,

Jeffrey Rush, Jr.  
Inspector General

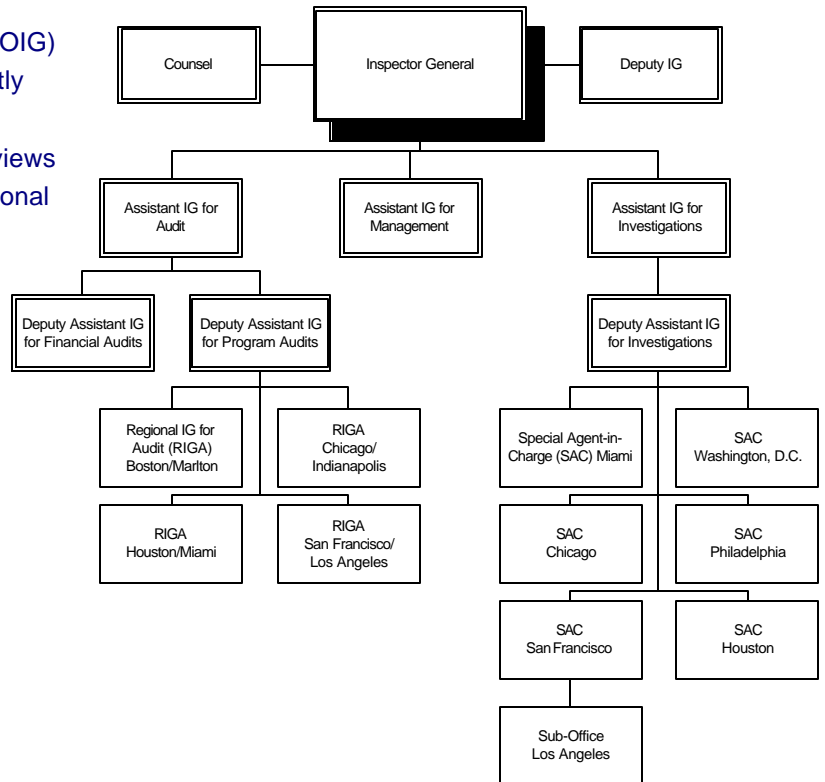
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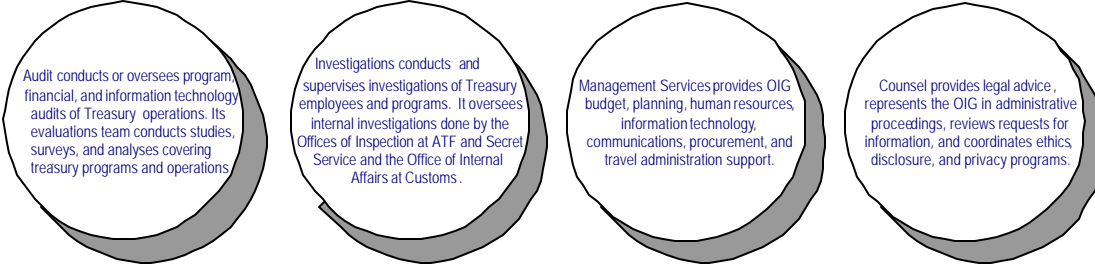
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# Our Office

Treasury's Office of Inspector General (OIG) was made statutory in 1989 and currently has about 262 employees. The OIG performs independent and objective reviews of Treasury's programmatic and operational activities, keeping the Secretary of the Treasury and Congress fully informed of problems, deficiencies, and need for corrective action. This office does not have jurisdiction over the Internal Revenue Service (IRS).



## Our Office



### Summary of Activities – Over the Past 12 Months

Activity	6 Months Ending September 30, 2001	6 Months Ending March 31, 2002
	Number or Amount	Number or Amount
Reports Issued (Audits and Evaluations)	35	76
Cases Opened (Investigations)	64	67
Oversight Reviews (ATF, Customs and Secret Service)	2	3
Regulation and Legislation Reviews	22	19
Disputed Audit Recommendations	0	0
Significant Revised Management Decisions	0	0
Management Decision with which the IG is in Disagreement	0	0
Instances Where Information Was Refused	1	0
<b>Recommended Monetary Benefits</b>		
Questioned Costs	\$0	\$681,000
Savings	\$8,579,000	\$89,370,000
Revenue Enhancements	\$0	\$681,000,000
<b>Total Recommended Monetary Benefits</b>	<b>\$8,579,000</b>	<b>\$90,049,000</b>

### Investigative Monetary Benefits October 1, 2001 - March 31, 2002

	Offices of Internal Affairs and Inspection				Total
	OIG	ATF	Customs	Secret Service	
Cases	2	0	0	5	7
Recoveries	2	0	1	0	3
Criminal Penalties	\$70,000	0	0	\$1,509	\$71,509
Administrative Penalties	\$1,826	0	0	\$1,055	\$2,881
Savings	0	0	0	0	0

## About Treasury

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Treasury's mission is to

- (1) promote prosperous and stable American and world economies, (2) manage the Government's finances,
- (3) safeguard our financial systems,
- (4) protect our Nation's leaders, (5) secure a safe and drug-free America and,
- (6) continue to build a strong institution.

Organized into offices and bureaus, the Department of the Treasury encompasses a wide range of programmatic and operational activities. More than 160,000 people make up the Department of the Treasury.

**Bureau of Alcohol, Tobacco and Firearms (ATF)** oversees and enforces laws relating to the use of firearms, explosives, alcohol, and tobacco.

**Bureau of Engraving and Printing (BEP)** manufactures paper currency and postage stamps.

**Bureau of the Public Debt (BPD)** manages U.S. Government borrowing, monitors the national debt, and processes bonds, notes, and T-Bill transactions.

**Community Development Financial Institutions Fund (CDFI Fund)** expands the availability of credit, investment capital, and financial services in distressed communities.

**U.S. Customs Service (Customs)** protects the Nation's borders and facilitates international trade, and collects duties and other forms of revenue.

**Departmental Offices (DO)** formulates policy and manages Treasury operations.

**Financial Crimes Enforcement Network (FinCEN)** supports law enforcement investigative efforts against domestic and international financial crimes.

**Federal Law Enforcement Training Center (FLETC)** provides government-wide law enforcement training.

**Financial Management Service (FMS)** manages Federal Government financial accounts.

**Internal Revenue Service (IRS)** collects income taxes and other forms of Federal revenue.

**U.S. Mint (Mint)** produces coins, medals, and coin-based consumer products.

**Office of the Comptroller of the Currency (OCC)** oversees and regulates all national banks and supervises the U.S. branches and agencies of foreign banks.

**Office of Inspector General (OIG)** provides independent and objective reviews of Treasury operations.

**Office of Thrift Supervision (OTS)** oversees and regulates all Federal and many state-chartered thrift institutions.

**U.S. Secret Service (Secret Service)** protects National leaders and foreign dignitaries and enforces counterfeiting and financial crime laws.

**Treasury Inspector General for Tax Administration (TIGTA)** provides independent and objective reviews of IRS activities.



## Improving Treasury's Internal Operations

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### Conspiracy Unveiled

In a joint investigation with the Secret Service, a bureau employee perjured himself before a Federal Grand Jury. He was found guilty of



making false statements and was sentenced to three years probation and fined \$100. Two of the employee's supervisors attempted to conceal the perjury by lying to the U.S. Attorneys Office, destroying evidence, and coercing a cooperating defendant. One supervisor admitted to stealing approximately \$1,300 in funds and making false statements. He was sentenced to 5 months incarceration, 5 months house arrest, 2 years probation, and fined \$200. The second supervisor was found guilty of misprision of a felony and making false statements and was sentenced to a year probation and fined \$100.

### Benefits Fraud

- ❖ (Update) As a result of a joint investigation with the Department of Labor and a state law enforcement bureau, a former BEP employee pleaded guilty to 1 count of making false statements and was sentenced to 6 months house arrest, 5 years probation, ordered to pay \$65,000 in restitution, and removed from receiving Federal Employee Compensation Act benefits for life. The future liability in this case was estimated to be in excess of \$205,000.
- ❖ A former Customs employee who received compensation benefits since the 1970s was randomly selected to receive a survey by Customs. The survey asked questions concerning family interests and income. The individual responded to the survey by claiming to earn in excess of \$100,000

per year. In previous responses to questionnaires from the Department of Labor, the employee had denied other income. To date, the employee has received in excess of \$500,000 in disability benefits while earning over \$100,000 per year of income. Judicial action is currently pending.

### Time and Attendance Abuse (Update)

Following up on an earlier investigation of time and attendance abuse by a DO employee, the employee pleaded guilty to one count of felony theft of government property. The employee was sentenced to 3 years supervised probation, 6 months home detention/electronic monitoring, and ordered to pay \$36,712 in restitution. The employee subsequently resigned from the Department.

### Theft of Funds

Based upon a referral from the Community Development Financial Institutions Fund (CDFI), we determined that \$127,500 of Bank Enterprise Awards Program monies was fraudulently



transferred into the checking account of a CDFI award recipient and used for personal purposes by an official of the business. The official subsequently pleaded guilty to grand theft and is scheduled for sentencing on April 30, 2002.

### Contract Fraud/Defective Pricing

We investigated an allegation that a BEP contractor engaged in defective pricing after a Defense Contract Audit Agency post-award audit questioned the projected costs over the contract life. The investigation was referred to the Department of Justice, which subsequently declined prosecution in favor of an administrative settlement. The contractor admitted that a mistake was made concerning the labor escalation rates

## Improving Treasury's Internal Operations

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and offered to repay the loss. The case was referred to BEP for resolution. BEP settled with the company for a refund of \$330,438.

### Equipment Returned

An investigation was opened based on information received from a coin dealer who had purchased planchets, error coins, and a penny cluster from an unknown individual. This person also attempted to sell tooling



used in the production of coins. The investigation determined that a trash truck driver retrieved the items from trash he had

hailed from the Mint. Mint procedures require the trash to be visually inspected by the Mint police. The Mint police acknowledged that the materials were mistakenly placed in the general trash receptacles. No charges were filed and the driver and coin dealer voluntarily returned the items in question.

### Computer Fraud and Information Disclosure

An investigation at FinCEN found that an employee exceeded authorized access to sensitive law enforcement databases by acquiring information on family members and friends. The employee also obtained sensitive information concerning an ongoing Federal investigation of family members and improperly disclosed this information. The employee pleaded guilty to one count of fraud and related activity in connection with computers and subsequently resigned from the Department. A sentencing hearing date is pending.

### Prohibited Contract Practices

We were advised that a construction company owned by an OCC employee had entered into a contract with a national bank without the employee's permission. Our investigation revealed that the individual had prior knowledge of an agreement between the construction firm and the prime contractor who performed services for a national bank without seeking prior guidance from OCC. The U.S. Attorney's Office declined prosecution in lieu of administrative action. The OCC issued the employee a letter of reprimand for violation of agency policy regarding outside employment.

### Misuse of Government Property

- ❖ An investigation was conducted based on allegations of theft and fraudulent misuse of government property by an OCC bank examiner. The employee admitted to fraudulently using the government-issued credit card to make cash withdrawals totaling \$2,220 for use at gambling institutions. The investigation resulted in the recovery of a government computer valued at \$2,500. No further action was taken due to the resignation of the employee.
- ❖ An anonymous complaint was received alleging that a BPD employee misused government equipment and official time in order to operate a business from a government office. The investigation revealed that on several occasions the employee used a government phone to make calls related to this business. However, no evidence indicated that the employee operated a business on government time or otherwise misused government equipment.

## Improving Treasury's Internal Operations

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### Award Money

During the period of October 2001 through December 2001, on-site visits of eight Community Development Financial Institution (CDFI) award recipients were conducted. This review was to determine the accuracy of the reports submitted to CDFI, and to verify that the award monies were being used in accordance with their assistance agreements. The reviews disclosed no discrepancies in the usage of the funds by these eight recipients.

### Unsubstantiated Allegations

- ❖ An investigation was conducted based on an allegation that a Customs employee provided false statements concerning an accident involving a government-owned vehicle. The investigation disclosed that the individual had properly reported the accident in a timely manner, and the case was appropriately investigated by Internal Affairs. The investigation revealed that no misconduct or false statements were found to have occurred in this incident.
- ❖ We investigated an allegation that an ATF employee was involved in the theft of over \$50,000 in cash and personal property obtained during the execution of search and arrest warrants conducted jointly with ATF and a state police department. Contact with the police department disclosed there was no evidence to substantiate the allegation and the investigation was subsequently closed.
- ❖ An allegation was received that a bank examiner from OCC violated government ethics policies when the examiner joined the electronic commerce subsidiary of a bank and purchased a computer at a discount.

The examiner denied the allegation. The subsidiary's records were subpoenaed and revealed that although the examiner did join the e-commerce subsidiary, no purchases were made by the employee.

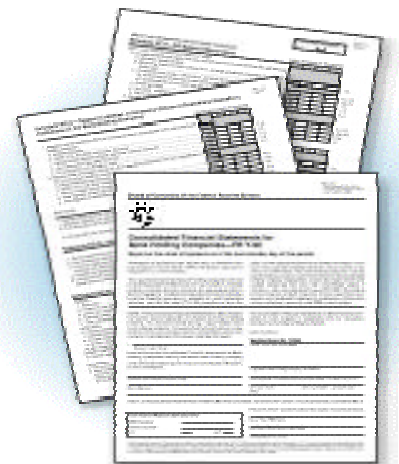
### Web Site Practices and Policies

We conducted a follow-up audit and found that Treasury's planned corrective actions for establishing and enforcing web site practices and policies have not been implemented. The original report found that select Treasury bureaus set persistent cookies without proper approval and that the administration of Treasury web sites needed improvement. In response, management agreed to take specific action designed to ensure that Treasury offices and bureaus comply with OMB standards regarding the collection of personally identifiable information.

The follow-up audit concluded that Treasury web sites continued to have persistent cookies placed on users' hard drives without the Secretary's approval and only one of the audited sites had the required conspicuous warning banner notifying the users that cookies were in use. (OIG-02-029)

### Financial Management Systems

Treasury received an unqualified opinion on its FY 2001 financial statements. As noted in prior semiannual reports, the Department's financial management systems are not in substantial compliance with the requirements of





## Improving Treasury's Internal Operations

the Federal Financial Management Improvement Act (FFMIA). There were two repeat material weaknesses in internal control and two other repeat reportable conditions. The material weaknesses relate to financial management and reporting at

the IRS, and electronic data processing controls at IRS, Customs, FMS and the Mint. Other reportable conditions involve needed financial management improvements at Customs. The following table outlines specific conditions of non-compliance.

Instances of Unresolved FFMIA Non-Compliance as of March 31, 2002			
Entity	Condition	Type of Non-Compliance	First Reported for FFMIA Purposes (FY)
Customs	Core financial systems do not provide complete and accurate information for financial reporting and for preparation of audited financial statements.	Federal Financial Management Systems Requirements; Standard General Ledger	1997
Customs	Weaknesses exist in Electronic Data Processing controls including application software development and program modifications.	Federal Financial Management Systems Requirements	1997
FMS	General control weaknesses may affect information in FMS system	Federal Financial Management Systems Requirements	1997
IRS	The general ledger does not conform to the U.S. Government Standard General Ledger.	Standard General Ledger	1997
IRS	The bureau lacks a reliable subsidiary ledger for its property and equipment.	Federal Financial Management Systems Requirements	1997
IRS	IRS lacks an effective audit trail from its general ledger back to subsidiary detailed records and transaction source documents.	Federal Financial Management Systems Requirements	1997
IRS	Material weaknesses included controls over the financial reporting process, unpaid tax assessments, tax revenue and refunds, property and equipment, budgetary and computer activities.	Federal Accounting Standards Federal Financial Management Systems Requirements	1997
IRS	IRS cannot rely on information from its general ledger to prepare financial statements.	Federal Financial Management Systems Requirements	1997
IRS	IRS lacks a subsidiary ledger for its unpaid assessments.	Federal Financial Management Systems Requirements	1997
OCC**	Financial management systems do not comply with Federal financial management systems requirements	Federal Financial Systems Requirements	1999
Mint	Weaknesses exist in the Mint information system general controls.	Federal Financial Management Systems Requirements	2001
Mint	Weaknesses exist in Mint information system application and e-commerce controls.	Federal Financial Management Systems Requirements	2001

\*\*OCC believes this condition is resolved at this time. However, it is pending auditor confirmation.

# Improving Treasury's Internal Operations

## Financial Statement Audits

The Chief Financial Officers Act, as amended by the Government Management Reform Act requires annual audits of Treasury and the Office of Management and Budget (OMB) designated components. OMB has designated ATF, Customs, and IRS for annual financial statements audits. However, ATF and Customs received a waiver from this requirement FY 2001 and FY 2002. The table below shows audit results.

Department of the Treasury Audited Financial Statements						
Entity	FY2001 Audit Results			FY2000 Audit Results		
	Opinion	Material Weaknesses	Other Reportable Conditions	Opinion	Material Weaknesses	Other Reportable Conditions
<b>Statutory Requirements (GMRA/CFO Act)</b>						
Treasury Department	UQ	2	2	UQ	2	2
ATF	(A)	-	-	UQ	0	1
Customs	(A)	-	-	UQ	2	6
IRS	UQ	6	1	UQ	6	2
<b>Other Required Audits</b>						
BEP	UQ	0	0	UQ	0	0
CDFI Fund	UQ	0	0	UQ	0	0
Office of D.C. Pensions	UQ	0	0	UQ	0	0
Exchange Stabilization Fund (ESF)	(B)	(B)	(B)	UQ	0	2
Federal Financing Bank (FFB)	UQ	0	0	UQ	0	0
OCC	UQ	0	2	UQ	0	2
OTS	UQ	0	0	UQ	0	0
Treasury Forfeiture Fund (TFF)	UQ	0	2	UQ	1	2
Mint						
Financial Statements	UQ	2	1	UQ	0	1
Custodial Gold and Silver Reserves	UQ	0	0	UQ	0	0
<b>Material to Treasury Department Financial Statements</b>						
BPD						
Schedule of Federal Debt	UQ	0	0	UQ	0	0
Government Trust Funds	UQ	0	0	UQ	0	0
Schedule of Loans Receivable	UQ	0	0	UQ	0	0
FMS						
Treasury Managed Accounts	UQ	0	0	UQ	0	0
Operating Cash of Federal Government	UQ	1	0	(C)	1	0

UQ = Unqualified opinion rendered.

(A) The Department requested and received waivers from OMB for the requirement for stand-alone audited financial statements for ATF and Customs for FY 2001. Limited audit work was performed at these two entities to support the audit of the Department's financial statements.

(B) Audit report was not issued as of March 31, 2002.

(C) Audit work performed to verify reliability of cash balances managed by FMS for FY 2000. No separate audit opinion was rendered.

# Improving Treasury's Internal Operations

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## Critical Physical Infrastructure Protection Program

During a review of Treasury's Critical Physical Infrastructure Protection Program, we found that this program needs improved guidance and coordination. Treasury has made progress towards protecting its critical physical infrastructures as required by Presidential Decision Directive (PDD) 63. Treasury has developed a protection plan and created an inventory of critical physical infrastructures. A significant amount of work, however, remains. We recommend that Treasury update its Critical Infrastructure Protection Plan and set up a schedule and make available the resources needed to timely complete remaining PDD 63 requirements. (OIG-02-024)

## Records Management

We conducted an audit of records management controls at DO, FMS, and BPD, to determine whether each agency had implemented applicable records management policies and procedures in accordance with regulatory guidance, and whether each agency had controls that would allow for authorized, timely, and appropriate disposition of records. In general, we found that the progress that had been made in this area included enhanced policies and procedures, and the submission of revised Records Schedules to the National Archives and Records Administration. (OIG-02-032, OIG-02-036, OIG-02-037)

## Audit Recommendation Tracking and Control System

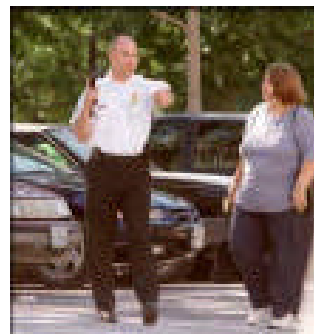
We reviewed Treasury's Inventory Tracking and Closure (ITC) System to determine if the system had produced adequate management controls, produced accurate and reliable data, and ensured effective management accountability for unresolved or disputed recommendations reported to Congress. We found that the system (1) did not ensure that Department-wide

evaluations were performed to assess system performance, and (2) did not ensure that Custom's regulatory audit and ATF's inspection division audit follow-up systems meet Office of Management and Budget standards.

We recommended that Department-wide evaluations be conducted in order to comply with OMB Circular A-50. Although management took exception to our first finding, management's response indicated general agreement with our second finding. (OIG-02-059)

## Evacuation Procedures

As part of our evaluation of Treasury's emergency response procedures, we found that comprehensive emergency response procedures that meet minimum General Services Administration standards were not in place for the Main Treasury and the Treasury Annex building. We are working with the Office of the Assistant Secretary for Management and Chief Financial Officer on a satisfactory corrective action plan for the three recommendations. (OIG-CA-02-002)



# Improving Treasury's Internal Operations

## Space Study

Our review determined the Mint leased approximately 137,400 more square feet than necessary although it has subsequently subleased 103,600 square feet of the excess space to IRS and Customs. The Mint did not follow sound procurement practices in its acquisition of space in order to consolidate

its headquarters operations.

The Mint's leasing activities lacked proper planning, in-house

leasing expertise, adequate

documentation to show the basis for decisions made, sound internal controls, and managerial oversight. Evidence for broker services could not be substantiated and the brokers used were not licensed in the District of Columbia.



Mint Building – 799 9<sup>th</sup> Street NW  
Washington, DC

We recommended in part that the Mint perform a comprehensive and documented analysis of the Mint's space needs for its Headquarters operations in order to identify excess space and to ensure that lease expenses are minimized. The potential funds to be put to use associated with our recommendations is \$39 million. (OIG-02-074)



Mint Building – 801 9<sup>th</sup> Street NW  
Washington, D.C.

## E-Commerce System Performance

Our review found that FMS does not have adequate controls over its E-Commerce Initiatives to ensure that customer information and transactions are protected against loss, misuse, unauthorized access or modification.

Management control deficiencies in two of the major systems tested--the Internet Credit Card Collection (ICCC) and the BEP operated Paper Check Conversion (PCC) systems--included inadequate separation of duties and supervision. FMS did not have adequate documentation to support payments to agents, justify information technology (IT) investments, detail subcontractor work, or identify deliverables that were to become Government property. As a result, oversight of the E-Commerce programs was inadequate and FMS remains at risk of overpaying for services and paying subcontractors for unauthorized work. (OIG-02-015)



BEP's E-Commerce Initiative known as the Public Sales Program could be improved. This program offers customers uncut currency and other products. We found that security controls were not implemented; systems were not protected with firewalls and intrusion detection devices; and personally identifiable information was not adequately protected. BEP has taken steps that will provide for a stronger E-Commerce program. (OIG-02-068)

# Overseeing the Management of the Nation's Revenue and Public Debt

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## Financial Statements

The U.S. General Accounting Office (GAO) rendered an unqualified opinion on the [IRS](#) FY 2001 financial statements. GAO also reported that IRS internal controls remain ineffective. The auditors noted six repeat material weaknesses related to controls over the financial reporting process, management of unpaid assessments, Federal tax revenue and refunds, property and equipment, budgetary activity, and computer security. GAO's audit also found one repeat reportable condition related to deficiencies in controls over hard-copy tax receipts and taxpayer data.

One instance of repeat noncompliance with laws and regulations relating to IRS timing of the release of tax liens on taxpayers' property was discussed. In addition, financial management systems did not comply with the requirements of the FFMIA.

[Treasury Forfeiture Fund \(TFF\)](#) received an unqualified opinion on its FY 2001 and FY 2000 financial statements. The TFF consolidates all Treasury law enforcement organizations under a single forfeiture fund program administered by Treasury. Participants include ATF, Customs, FLETC, FinCEN, IRS, Secret Service, as well as the U.S. Coast Guard.

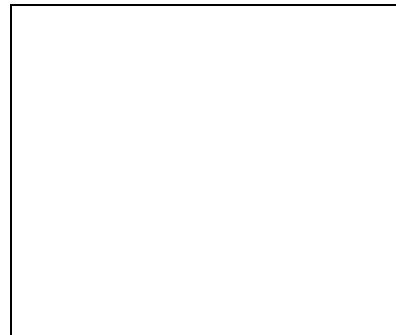
Two reportable conditions were noted. The general ledger did not capture all balances and transactions that comprise the TFF during the year. In addition, as reported in prior years, TFF did not record and account for asset specific expenses. TFF was not in compliance with *The Budget and Accounting Procedures Act of 1950* that requires that agencies ensure the safeguarding of assets and the proper recording of revenues and expenditures. (OIG-02-048)

## International Mail Inspection

Our review of International Mail Branches (IMB) found that Customs has been losing revenue from international mail. We are waiting further results from Customs' ongoing mail revenue survey so that we can form a credible estimate of uncollected duty. Customs concurs with our recommendations and will use its survey results to better identify mail for potential revenue collection. (OIG-02-020)



Technician Points Out Illegal Drugs Found in International Mail



International Mail Is Inspected at Seaport.

## Assessing Law Enforcement Programs

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### Error Coin Production

As part of our oversight responsibilities, we conducted a review of the Production and Police Divisions of the Philadelphia Mint. We examined policies and procedures to determine if they were effective in preventing the production of valuable error coins and if current procedures were effective in deterring employee theft of Mint assets.

We determined that failure to follow existing policies contributed to the production of more coins and the release of these coins into circulation.

Further, we found that the Mint security was compromised due to ineffective security design, ineffective policies, and inadequate training of police officers in X-ray and magnetometer screening. The Mint lacked internal review or inspection programs to monitor and evaluate the Division's effectiveness and adherence to policies and procedures.



### Fund Controls

Funding of Customs' operations in Puerto Rico is provided from revenue collected for the Government of Puerto Rico. Collections and collection expenses, along with the cost of the Special Agent-in-Charge (SAIC) operation, are tracked through a special one-year fund. Funding for SAIC operations totaled about \$21 million for FY 2000. Our audit found that SAIC funds had been excessively reprogrammed from those provided for personnel to construction and equipment without proper justification and approval. We also found that additional controls over purchase cards are needed as well as improvements in Customs Self-Inspection Program. Customs concurred with the five recommendations in our report. (OIG-02-072)

### Modernization Effort

The Customs Modernization Program is a 15-year, \$5 billion effort to modernize Customs automated systems. The Automated Commercial Environment (ACE) is the first effort to modernize Customs commercial programs at a contracted cost of \$1.3 billion projected over 5 years. The OIG will be conducting a series of audits to provide ongoing oversight of the Modernization Program.

Our first such audit found that the Customs Modernization Office responsible for ACE development, needs to be adequately staffed in order to provide contractor oversight, set realistic schedules, evaluate deliverables, and coordinate the impact of future needs on

## Assessing Law Enforcement Programs

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workloads. While ACE program management is still a work in process, this is a critical juncture in setting up the foundation upon which ACE development will be based. Customs needs to reevaluate the ACE schedule for 2002 and make necessary adjustments to ensure that the bureau and the contractors have sufficient time and resources to produce quality results. Customs outlined a set of planned corrective actions responsive to our recommendations, but needed to establish corresponding target dates. (OIG-02-058)

### National Instant Criminal Background Check System (NICS)

ATF implemented NICS to address its responsibilities under the Brady Act. We noted areas where ATF could further improve the program and recommended that ATF: (1) develop case workloads and staffing models to better assess and respond to field division needs in investigating NICS referrals, (2) issue guidance clarifying NICS referral priority within field divisions' other violent crime program activities, (3) develop a NICS program model for all field divisions to use, (4) streamline the referral process to include having ATF's Brady Branch perform additional background work before sending referrals to the field divisions and, (5) upgrade the database systems the Brady Branch and the field divisions use so they can communicate electronically. (OIG-02-004)

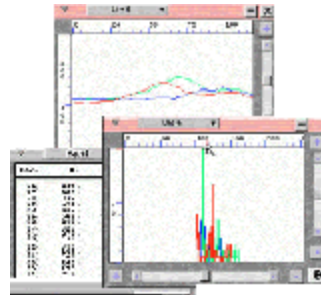
### Customs Remote Video Inspection System



The Remote Video Inspection System (RVIS) is a joint Customs Immigration

and Naturalization Service (INS) initiative designed to offer 24-hour services at Northern border crossings that previously were closed during evening hours. We found, that the goal of deploying RVIS at 22 locations by December 31, 2000 was not achieved. As of September 2001, only seven sites were capable of operating RVIS equipment. Poor contractor performance and policy differences regarding who should be eligible for RVIS processing caused delays in the development and implementation of RVIS. We also found that Customs and INS did not function as equal partners. Customs generally deferred to INS to oversee RVIS development.

Customs has taken steps to address issues identified in the report and said it agreed in general with our recommendations. It should be noted that Customs, as part of its Level One Alert in response to the events of September 11, has suspended RVIS. (OIG-02-033)



### Performance Measures

We reviewed the performance measures for Treasury enforcement bureaus to determine if key aspects of performance were covered

in a clear and consistent manner. We found that the Treasury and bureau performance reports provide a limited picture of actual law enforcement performance. The current performance measures do not demonstrate the full impact of Treasury enforcement on the protection of the public, economy, and revenue. Treasury is working with the Department of Justice and Office of National Drug Control Policy to develop consistent performance reports and reliable data sources. Implementation of recommendations will improve coordination, consistency, and clarity of performance reports. (OIG-02-013)

### Export Licensing Process

This review was conducted in partnership with the OIG's at the Departments of Commerce, State, Defense, and Energy. The overall objective of the interagency group was to determine whether the U.S. Export System's program management office is establishing a common electronic interface to create an automated Federal export licensing system in accordance with Federal policies and regulations. Our audit coverage included defining Treasury's role in the approval and issuance of export licenses and the systems, both automated and manual, used to facilitate this role.

We found that the Automation Initiative has progressed, however, systems can be enhanced. Customs has moved forward with the Automation Initiative by reaching out to exporters and other agencies to facilitate a more effective and efficient export licensing system. However, manual processes performed at the State Department and ATF prevent the goal of a totally automated process. Our review found that agencies were not fully participating with one another and have not capitalized on opportunities to share resources to accomplish common goals. The OIG's made recommendations that would enhance the efficiency and effectiveness of the export licensing process. (OIG-02-065)



# Supporting “World Class” Currency Production

## Financial Statements

Mint received an unqualified opinion on its FY 2001 financial statement. However, there were two material weaknesses and one reportable condition. As previously reported, information system general controls remain inadequate and have been upgraded to a material weakness. Identified conditions, if left unresolved, render the Mint’s information systems and data vulnerable to internal and external attack and may lead to uncontrolled access to these systems and data. In addition, information system controls at the application level needed improvement. Specifically, internal control weaknesses exist relating to the completeness, integrity, and availability of internal financial reports to management and inadequate security. Inadequate controls surrounding Mint’s review and acceptance of vendor invoices for payment were identified as a reportable condition.



There were no instances of noncompliance with applicable laws and regulations, exclusive of FFMIA. However, Mint’s financial management systems did not substantially comply with Federal financial management systems requirements as required by FFMIA. (OIG-02-071)

BEP received an unqualified opinion on its FY 2001 financial statements. There were no reportable conditions and no instances of noncompliance with laws and regulations. (OIG-02-034)

## Golden Dollar Coins

- ❖ We found that the Mint’s planned production of 40 million Golden Dollars during the second quarter of FY 2002 was not warranted. We estimated that if the Mint redirected its production efforts to other coin denominations, it could avoid \$2.18 million in manufacturing costs. We concurred with their plans to suspend production of the Golden Dollar in FY 2002. (OIG-02-066)
- ❖ Another review found that the Mint’s decision to purchase new burnishers for the production of the new Golden Dollar was a reasonable business decision. We did, however, recommend that the Mint reevaluate its need for one of the burnishers to determine whether future needs justify the retention of this asset. (OIG-02-067)

## Financial Statements

- ❖ OCC received an unqualified opinion on its FY 2001 financial statement. Previously, OCC maintained its records on a calendar year basis. There were two repeat reportable conditions: inadequate controls over Time and Travel Reports and inadequate internal controls over timekeeping. OCC reported one instance in which its financial management systems did not substantially comply with the FFMIA. This instance related to noncompliance with Federal financial management systems requirements. No other instances of noncompliance with laws and regulations were identified. (OIG-02-046)
- ❖ OTS received an unqualified opinion on its financial statements for the nine

# Working to Maintain Confidence in the Nation's Banking System

- ❖ months ended September 30, 2001. There were no reportable conditions and no instances of noncompliance with laws and regulations. In 2001, OTS elected to change its reporting year from a calendar year to a fiscal year ending on September 30. (OIG-02-047)

## Trust and Private Banking Services

We reviewed the Office of the Comptroller of the Currency's (OCC) compliance with Bank Secrecy Act (BSA) examinations. We noted that greater attention was warranted at national banks providing trust and private banking services. Based on a sample of 34 banks across the country, we found OCC examiners did not cover BSA compliance for 17 percent of the banks trust departments. Similarly, 60 percent of those banks offering private banking services had not been examined for BSA compliance. In those instances where BSA had been covered, we found that the examinations did not always ensure that mandatory OCC examination handbook procedures were completed. Some lacked sufficient testing of high-risk transactions such as money wires and foreign correspondent banking, and readily available records such as suspicious activity reports, which had not been reviewed. OCC concurred with the report findings and our recommendations aimed at providing greater BSA coverage of these two banking activities. (OIG-02-016)



Federal Reserve Building - Washington, D.C

## Community Reinvestment Act

We reviewed the Office of Thrift Supervision's (OTS) supervisory requirements under the Community Reinvestment Act (CRA). From a national sample of thrift CRA exams, we found that OTS examiners did not always cover all the regulatory criteria to rate each CRA component. We also found that some examiners could better assess a thrift's community credit needs by contacting community groups as required under the regulations, and by comparing a thrift's lending data to available demographic information for its designated service area.

Finally, we found that the OTS CRA examinations of non-traditional thrifts (such as insurance companies with a thrift charter) had not been consistently applied. Some examiners were assessing CRA performance from a wider geographic area than the designated assessment area. (OIG-02-026)

## Material Loss Review

Our review determined that Superior Bank's principal owners failed to implement a capital restoration plan that would have entailed a capital infusion of approximately \$270 million. This prompted OTS to require several accounting adjustments due to improper accounting practices and faulty asset valuations. Collectively, the adjustments depleted Superior's capital rendering it insolvent.

We made recommendations to enhance OTS' future examination coverage and enforcement actions of thrifts it supervises. (OIG-02-040)

## Our Work- The Numbers

Number of Hotline Telephone Calls that Resulted in Formal Allegations October 1, 2001 – March 31, 2002			
Activity	Disposition		
	OIG	Customs	Total
Calls referred for audit or investigative inquiry	5	183	188
Calls referred to Treasury program managers	0	217	217
Calls referred to other agencies	27	1	28
Total number of calls referred	32	401	433

ATF and Secret Service do not have established hotlines. Numbers do not include allegations received through other sources, inquiries on taxes and other matters referred informally to program managers or other officials, or pending allegations for which dispositions have not been determined.

Investigative Caseload October 1, 2001 - March 31, 2002					
	OIG	Offices of Internal Affairs and Inspection			Total
		ATF	Customs	Secret Service	
Cases open at beginning of reporting period	89	37	1,583	23	1,732
Cases opened during the reporting period	105	65	324	15	509
Cases closed during the reporting period	88	69	506	18	681
Cases remaining open at the end of the reporting period	168	26	1,401	20	1,615

Number and Nature of Allegations for Opened Investigative Cases October 1, 2001 - March 31, 2002					
	OIG	Offices of Internal Affairs and Inspection			Total
		ATF	Customs	Secret Service	
Bribes, graft, kickbacks	1	0	8	0	9
Procurement and contract irregularities	6	0	0	0	6
Assaults/threats	2	2	0	0	4
False statements and claims	10	8	23	1	42
Theft/misuse of funds or property	26	30	23	0	79
Drug abuse or control	1	3	5	0	9
Impersonating a government official	0	0	0	0	0
Criminal (other)	1	2	94	6	103
Sexual harassment	0	0	4	1	5
Improper conduct or disclosure	30	19	20	3	72
Non-criminal (other)	28	1	147	4	180
Total cases opened during reporting period *	105	65	324	15	507

\* The number of allegations and the number of cases opened are equal because only the most significant allegation per case is counted.

Administrative Sanctions October 1, 2001 - March 31, 2002					
	OIG	Offices of Internal Affairs and Inspection			Total
		ATF	Customs	Secret Service	
Personnel actions	9	0	198	13	220
Suspensions and/or debarments of contractors	0	0	0	0	0

## Our Work- The Numbers

Prosecutive Actions October 1, 2001 – March 31, 2002					
	Offices of Internal Affairs and Inspection				
	OIG	ATF	Customs	Secret Service	Total
Cases pending prosecutive decision at start of period	0	0	10	3	13
Cases referred to prosecutive authorities	5	8	12	7	32
Cases accepted for prosecution	2	0	10	8	20
Cases declined	5	7	2	0	14
Cases pending prosecutive decision at end of period	0	1	9	2	12
Successful prosecutions *	4	0	14	5	23

\* Includes those found guilty by a Federal or state court, accepted for pretrial diversion agreements by the Department of Justice, or granted plea bargaining agreements.

Audit Reports with Questioned Costs for the Period October 1, 2001 – March 31, 2002				
Category	Number of Reports	Questioned Costs *	Unsupported Costs	
For which no management decision had been made by beginning of reporting period	12	\$2,418,000	\$0	
Which were issued during the reporting period	1	681,000	0	
<b>Subtotals</b>	<b>13</b>	<b>3,099,000</b>	<b>0</b>	
For which a management decision was made during the reporting period	0	0	0	
dollar value of disallowed cost	0	0	0	
dollar value of costs not disallowe	0	0	0	
For which no management decision has been made by the end of the reporting period	13	3,099,000	0	
For which no management decision was made within six months of issuance	12	2,418,000	\$0	

\* Questioned costs include unsupported costs. "Questioned costs" denotes that one or more of the following three situations exist: (1) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, other agreement or document governing the expenditure of funds, (2) a finding that, at the time of the audit, such cost is not supported by adequate documentation, or (3) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

Audit Reports with Recommendations that Funds be Put to Better Use for the Period October 1, 2001 – March 31, 2002				
Category	Number of Reports	Total	Savings	Revenue Enhancements
For which no management decision has been made by the beginning of the reporting period	2	\$79,000	\$79,000	\$0
Which were issued during the reporting period	10	770,370,000	89,370,000	681,000,000
<b>Subtotals</b>	<b>12</b>	<b>770,449,000</b>	<b>89,449,000</b>	<b>681,000,000</b>
For which a management decision was made during the reporting period	10	769,588,000	88,588,000	681,000,000
dollar value of recommendations agreed to by managemen	5(a)	722,403,000	41,403,000	681,000,000
based on proposed management action	5(a)	722,403,000	41,403,000	681,000,000
based on proposed legislative action	0	0	0	0
dollar value of recommendations not agreed to by managemen	6(a)	47,185,000	47,185,000	0
For which no management decision has been made by the end of the reporting period	2	861,000	861,000	0
For which no management decision was made within six months of issuance	1	25,000	25,000	\$0

Audits were performed by DCAA. Recommendation that funds be put to better use denotes funds could be used more efficiently if management took actions to implement and complete the recommendation including: (a) One report was partially agreed to and partially not agreed to. (1) reduction in outlays, (2) de-obligations of funds from programs or operations, (3) costs not incurred by implementing recommending improvements related to operations, (4) avoidance of unnecessary expenditures noted in pre-award review of contract agreements, (5) any other savings which are specifically identified, or (6) enhancements to revenues.

## Our Work- The Numbers

Contract Audits Completed October 1, 2001 – March 31, 2002						
Pre-Award Proposal Audits			Overhead Audits		Other Contract Audits	
Entity	Number Completed	Funds to be Put to Better Use	Number Completed	Questioned Costs	Number Completed	Questioned Costs
ATF	13	\$47,179,844	2	\$0	0	\$ 0
BEP	2	1,007,728	2	0	1	680,835
Customs	0	0	3	0	0	0
Departmental Offices	1	0	0	0	0	0
Totals	16	\$48,187,572	7	\$0	1	\$680,835

The monetary amounts are reflected in the table on monetary benefits from OIG audits in the Statistical Summaries above. Audits performed by Defense Contract Audit Agency. All Treasury bureau requests for pre-award, cost incurred, and other contract audits are referred to the OIG. The OIG has the option to perform the audits, refer the audits to DCAA and other Government audit agencies, or contract with an Independent Public Accountant (IPA). DCAA performed 24 contract audits, which questioned \$48,868,407 in Treasury contractor costs. Contracting officers agreed to savings and disallowed costs of approximately \$220,037 including amounts that were questioned prior to October 1, 2001. An additional \$3.9 million in potential monetary benefits, including amounts that were questioned prior to April 1, 2001, are awaiting completion of negotiations with the contractors.

Reports with Pending Management Decisions * Undecided for Over Six Months as of March 31, 2002		
Title and Date Issued	Report Number	Amount **
Costs Incurred Under Contract TOS-91-31 for Calendar Year 1991, 3/12/96 b/	OIG-96-042	5,404
Direct and Indirect Costs and Rates Claimed Under Contract TC-89-047 for Calendar Year Ended December 31, 1993, 10/10/96 a/	OIG-97-002	135,662
Final Procurement Determined Indirect Cost Rates Claimed Under Contract TC-89-047 for Contractor FY-Ended December 31, 1992, 7/23/97 a/	OIG-97-113	33,774
Final Procurement Determined Indirect Cost Rates Claimed Under Contract TC-89-047 for Contractor FY Ended December 31, 1993, 7/23/97 a/	OIG-97-114	112,884
Direct and Indirect Costs and Rates Claimed Under Contract TC-89-047 for FY Ended December 31, 1994, 9/15/97 a/	OIG-97-132	37,716
Direct and Indirect Costs and Rates Claimed Under Contract TC-89-047 for FY Ended December 31, 1995, 12/10/97 a/	OIG-98-025	39,071
Contractor's FY Ended December 31, 1992 through 1994, Applicable to Contracts TOS-91-31 and TOS-94-25, 2/25/98 b/	OIG-98-045	562,205
Revised Direct and Indirect Costs and Rates Claimed Under Contract TC-89-047 for FY Ended December 31, 1994, 1/7/99 a/	OIG-99-028	27,366
Incurred Costs for Contractor's FY Ended December 31, 1997, 8/23/99 b/	OIG-99-108	196,527
Incurred Cost for Contract TOS-92-20 for FY 1997, 1/7/00 a/	OIG-00-030	584,192
Costs Claimed Under Contract TSW-87-0228, 10/1701 a/	OIG-01-010	269,817
Direct and Indirect Costs and Rates Incurred Under Contract TC-94-027 for Contractor's FY 1998, 2/2/01 b/	OIG-01-037	412,890
Contractor's Price Proposal Submitted Under Contract TEP-01-21 for the Off-line Currency Inspections Systems, 5/3/01 a/	OIG-01-072	24,559
Totals	13 reports	\$2,442,067

\* Management decision refers to the evaluation by management of the findings and recommendations included in a report and the issuance of a final decision. \*\* Amount indicates questioned costs and/or revenue enhancements.  
a/ Contract negotiations have not yet been held or completed. b/ Contract is in dispute.

## Our Work- The Numbers

Significant Unimplemented Recommendations as of March 31, 2002		
Report Number	Issue Date	Report Title/Potential Monetary Benefits and Recommendation Summary
OIG-95-130	9/95	<i>Audit of Customs FY 1994 Financial Statements</i> Improve and integrate core financial systems by including a "customer-based" accounts receivable subsidiary ledger, identify the modifications necessary to the general ledger systems to capture all financial transactions as they occur.
OIG-96-098	9/96	<i>Audit of Customs FY 1995 Consolidated Financial Statements</i> Fully recover high priority applications and expeditiously implement an approach. Provide for and test disaster recovery capability.
OIG-97-133	9/97	<i>Audit of Secret Service's FY 1996 Statement of Financial Position</i> Ensure that the seized property system captures all seized property data necessary to generate a complete analysis of changes in seized and forfeited property. Ensure that resources needed to operate and support the information resources security program, and to carry out program responsibilities, including reviewing access control rules, reviewing access violation reports, and keeping security policy and procedures up-to-date are evaluated. Ensure that formal software change policies and procedures address change requests, approval of changes, testing procedures, movement into production, and documentation requirements.
OIG-99-011	11/98	<i>U.S. Secret Service's FY 1997 Financial Statements</i> Improve controls over property and equipment by ensuring that (1) exception reports are researched timely and proper disposition determined, and (2) necessary controls are implemented to ensure that depreciation calculations are correct. Improve procedures to record accounts receivable by ensuring that the accounts receivable subsidiary ledger is periodically to the general ledger. Improve controls over operating materials and supplies by ensuring that all transactions are recorded in the inventory systems timely. Improve cut-off procedures for year-end closing by ensuring that documents processed after the year-end for reimbursable agreements are reviewed so that accounts receivable are properly reflected at year-end. Perform a review of all user access to evaluate whether granted access provides for adequate segregation of duties. Specifically, ensure that application programmers do not have access to the Service production environment
OIG-99-018	12/98	<i>Allegations Concerning the Bureau of Alcohol, Tobacco and Firearms Administration of the National Firearms Registration and Transfer Record</i> Ensure that reports to monitor pending workloads and identify registration activity are fully developed.
OIG-99-039	2/99	<i>Treasury Communications System (TCS) Automated Information Security Program</i> Ensure that info systems have current accreditations, and system and user documentation is updated. (Two recommendations)
OIG-99-123	9/99	<i>Bureau of Alcohol, Tobacco and Firearms Controls Over Tax Free Spirit Exports</i> ATF should amend 27 CFR to include specific timeframes for Distilled Spirits Plants to submit documents that support claimed exports and additional guidance defining export evidence.
OIG-00-036	2/00	<i>Customs' Performance Data for Commercial Activity</i> Customs should direct the correction of the use of inappropriate confidence levels in the Results Act, ensure Results Act sufficiently discusses data limitations, and direct COMPEX sampling for pedestrians. (Three recommendations)
OIG-00-055	2/00	<i>Audited Departmental Offices Fiscal Year 1999 Consolidated Financial Statements and Notes</i> Establish/follow policies and accounting guidance related to financial reporting of property transactions to improve property accountability and related financial accounting.
OIG-00-047	2/00	<i>Opportunities for the Bureau of Engraving and Printing to Improve the Processing of Mutilated Currency</i> BEP should install an automated system to track mutilated currency cases, analyze data, and assess the efficiency and effectiveness of the program.
OIG-00-066	3/00	<i>U.S. Customs Service Automated Commercial System Cargo Selectivity</i> The Assistant Commissioner, Office of Field Operations, should (1) instruct Port Directors to establish procedures ensuring that reasons for overriding intensive cargo examinations are properly documented, (2) establish procedures to review performance of intensive narcotic examinations, (3) ensure hazardous material equipment is maintained, and (4) management control reviews cover ACS Cargo selectivity, narcotics enforcement, and hazardous material examinations. (Three recommendations)

## Our Work- The Numbers

OIG-00-080	4/00	<i>Bureau of ATF Compliance Inspection Strategy for Firearms and Ammunition Excise Taxes</i> Periodic internal reviews should be performed to gauge the effectiveness of ATF's inspection selection process, and ensure that taxpayers from various risk groups are represented. (Two recommendations)
OIG-00-085	5/00	<i>United States Customs Automated Information Systems – Computer Security Safeguards Need Improvement</i> The Commissioner of Customs should ensure that Automated Information Systems Security Branch has sufficient authority to enact the required information security controls for Customs. (Two recommendations)
OIG-00-098	6/00	<i>Office of the Comptroller of the Currency: Supervision of Banks Selling Insurance</i> The Comptroller of the Currency should expend agency level of expertise in the insurance business and develop supervisory and examination procedures to ensure adequate, and uniform coverage over national banks insurance activities. (Two recommendations)
OIG-00-099	6/00	<i>United States Customs Services Management Services Inquiry Process</i> The Commissioner of Customs should ensure that controls are established to flag management inquiries for follow-up action when delays occur.
OIG-00-109	7/00	<i>United States Custom Services Support for the Business Anti-Smuggling Coalition (BASC)</i> The Commissioner of Customs should reinforce the domestic BASC through the commitment of sufficient funding and personnel and jointly with U.S. business entities implement policies and procedures needed to ensure that BASC would continue as a viable organization along the U.S. Southern border.
OIG-00-111	7/00	<i>United States Customs Service Has Undercharged Couriers for the Cost of Inspector Services</i> The Commissioner of Customs needs to improve billing controls, amend regulations to increase the computational charge to reflect the cost of services provided, and ensure staffing at courier locations is appropriate. (Three recommendations.)
OIG-00-119	8/00	<i>Alcohol, Tobacco and Firearms Implementation of the Youth Crime Gun Interdiction Initiative (YCGII)</i> The Director should ensure 1) that performance measures are developed for YCGII that gauge its impact on crime gun traffickers who supply firearms to youths and, 2) procedures for data verification of performance measures are developed. (Two recommendations)
OIG-01-014	11/00	<i>Review of Treasury Computer Security Plans</i> The Treasury CIO should update system security planning guidance, ensure that periodic reviews are conducted of the bureau security plans, correct identified DO system vulnerability plans, and identify all existing and newly implemented DO Systems. (Two recommendations)
OIG-01-019	11/00	<i>Alcohol, Tobacco and Firearms Needs to Improve its Controls Over Tax-Free Tobacco Exports</i> The ATF Director should establish controls to ensure Tobacco Unit specialists properly monitor open notices of removal files.
OIG-01-023	12/00	<i>Customs Performance Measure for Commercial Activities</i> The Commissioner of Customs should include the overall and significant compliance rates in the Results Act reports for all three of the commercial processes, evaluate alternatives for measuring regulatory burden, include cost and FTE data in Results Act reports, design a sampling plan for the outbound program, and include a narrative discussion in Results Act reports of any problems in obtaining reliable data. (Five recommendations)
OIG-01-024	12/00	<i>US Customs Air Automated Manifest System</i> The Commissioner of Customs should ensure the fines and penalties assessed as a result of the OIG audit were appropriate and the interested parties were not attempting to circumvent inspection of the merchandise. Perform a risk assessment to determine the extent which problems identified are accurate. Better and enforce trade compliance with Air AMS requirements, improve training for Air AMS users, assess whether Air AMS control weaknesses affect other Customs programs, ensure Air AMS control weaknesses are addressed in the ACE system initiative, and consider reporting Air AMS as an FMFIA material weakness. (Nine recommendations)
OIG-01-025	12/00	<i>Review of Treasury's Critical Infrastructure Protection Program</i> The ASD for Management and the CFO should ensure that funding and resources are made available to implement PDD 63, critical infrastructure assets are immediately identified and prioritized, and effective oversight of PDD 63 activities is provided. (Three recommendations)
OIG-01-026	12/00	<i>Review of Surcharges from the Sale of Commemorative Coins</i> The Director of the Mint should ensure that the Mint's implementation of Activity Based Costing (ABC) provides equitable and cost effective methods for allocating G&A costs.

## Our Work- The Numbers

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OIG-01-029	11/01	<p><i>The Bureau of Alcohol, Tobacco and Firearms Computer Security Plans</i></p> <p>The ATF CIO should ensure that appropriate system security is developed for all systems and that the ATF Automated Information System Security (AIS) Security Program is revised.</p>
OIG-01-032	1/01	<p><i>Final Audit Report on the USSS Change Control Procedures</i></p> <p>The Director of Secret Service should ensure (1) that automated controls are implemented to ensure that programmer and database administrator access to program source code and data sets is limited to those individuals that are authorized such access, (2) documentation is maintained of approvals for changes and testing, and (3) procedures include guidance for hardware changes. (Three recommendations)</p>
OIG-01-034	1/01	<p><i>Final Audit Report on the Review of the US Mint Computer Security Plans</i></p> <p>Ensure that system security plans are developed for all systems. Ensure that guidance for the preparation of system security plans is expanded to include a standardized format and necessary details such as system background and general information, management and other controls are included in the security plans .</p>
OIG-01-035	1/01	<p><i>Report on the US Customs Change Control Procedures</i></p> <p>The Commissioner of Customs should ensure that the draft standard Operating Procedures for Operating System Support be revised to include guidance for hardware changes and emergency changes, security approval of applicable changes is documented, and test plans are established for changes. (Three recommendations)</p>
OIG-01-039	2/01	<p><i>Information Technology: The Financial Management Services Change Control Process Needs Improvement</i></p> <p>The Commissioner of FMS should ensure that system and user documentation are updated to reflect system changes, major FMS systems have current accreditations and tapes are properly controlled. (Three recommendations)</p>

This list of unimplemented recommendations in OIG audit reports is based on (1) information in Treasury's automated tracking system, which is maintained by Treasury management officials, and (2) annual financial statement audits.



## Recent Reports

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The following OIG reports were issued during the period of October 1, 2000 through March 31, 2001. Each entry in the list contains the name of the report, report number (prefixed by "OIG" for audit reports, "OIG-CA" for evaluation reports, and "QA" for investigative oversight reports), issue date, and if applicable, the amount of revenue enhancements (R), savings (S) and questioned costs (Q).

### **Improving Treasury's Internal Operations**

**ATF**, Financial Management: Review of the Bureau of Alcohol, Tobacco and Firearms' FY 2001 Financial Statements, OIG-02-049, 2/21/02

**BEP**, Financial Management: Audit of the Bureau of Engraving and Printing's FY 2001 Financial Statements, OIG-02-034, 12/15/02

**BEP**, Information Technology: Bureau of Engraving and Printing's E-Commerce Program Needs Improvement, OIG-02-068, 3/21/02

**BPD**, Treasury General Management and Infrastructure Support: Records Management at the Bureau of Public Debt, OIG-02-032, 1/30/02

**CDFI FUNDS**, Audited Financial Statements of the Community Development Financial Institutions Fund for FYs 2001 and 2000, OIG-02-038, 01/11/02

**Customs**, Financial Management: Review of the U.S. Customs Service's FY 2001 Financial Statements, OIG-02-073, 3/27/02

**Departmental Offices**, General Management: Treasury's Critical Physical Infrastructure Protection Program Needs Improved Guidance and Coordination, OIG-02-024, 12/19/01

**Departmental Offices**, Information Technology: Management's Planned Actions for Establishing and Enforcing Web Site Practices and Policies Have Not Been Fully Implemented, OIG-02-029, 12/31/01

**Departmental Offices**, Treasury General Management and Infrastructure Support: Records Management at Departmental Offices, OIG-02-036, 1/30/02

**Departmental Offices**, Audited Balance Sheet of the Departmental Offices for FY 2001, OIG-02-052, 2/22/02

**Departmental Offices**, Audit of the Department of the Treasury's FYs 2001 and 2000 Financial Statements, OIG-02-054, 2/27/02

**Departmental Offices**, General Management: The Department Needs to Strengthen Its Audit Follow-up System, OIG-02-059, 3/4/02

**Departmental Offices**, Agreed-Upon Procedures for the Department of the Treasury FY 2001 FACTS I CFO Representations for Federal Intragovernmental Activity and Balances, OIG-02-063, 3/6/02

**Departmental Offices**, Agreed-Upon Procedures for the Department of the Treasury FY 2001 FACTSI Account Groupings Worksheets, OIG-02-064, 3/7/02

**Departmental Offices**, General Management: Unclear Lines of Authority Interfere With Enforcement of Evacuation Procedures at Main Treasury and the Treasury Annex, OIG-CA-02-002, 3/15/02

**Departmental Offices**, Audited Financial Statements of the Office of D.C. Pensions for FYs 2001 and 2000, OIG-02-070, 3/26/02

Number of OIG Reports Issued (By Entity) October 1, 2001 – March 31, 2002	
Entity	Quantity
ATF	19
Customs	9
DO	13
BEP	7
FMS	4
FINCEN	1
FLETC	1
Mint	5
OCC	2
OTS	3
Secret Service	1
BPD	5
Multi-Bureau	2
Other (Independent)	4
<b>Total</b>	<b>76</b>

## Recent Reports

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**Financial Management Service**, Information Technology: Controls Over the Financial Management Service's e-Commerce Systems are Inadequate, OIG-02-015, 12/14/01

**Financial Management Service**, Treasury General Management and Infrastructure Support: Records Management at the FMS, OIG-02-037, 1/30/02

**Financial Management Service**, Audit of the Financial Management Service's FY 2001 Schedule of Non-Entity Assets, Non-Entity Costs and Custodial Revenue, OIG-02-057, 2/28/02

**Federal Financing Bank**, Audited Financial Statements of the Federal Financing Bank for Fiscal Year 2001 and 2000, OIG-02-069, 3/26/02

**Mint**, General Management: The Mint Leased Excessive Space for Its Headquarters Operation, OIG-02-074, 3/29/02, **\$39,000,000 S**

**TFF**, Financial Management: Audit of the Treasury Forfeiture Fund FYs 2001 and 2000 Financial Statements, OIG-02-048, 2/21/02

**Multi-Bureau**, Export Licensing Process: Progress Has Been Made But Better Cooperation and Coordination are Needed, OIG-02-065, 3/14/02

### Overseeing the Management of the Nation's Revenue and the Public Debt

**BPD**, Report on Controls Placed in Operation and Tests of Operating Effectiveness for the Treasury Bureau of the Public Debt Federal Investments Branch for the Period January 1, 2001 to September 30, 2001, OIG-02-027, 12/28/01

**BPD**, Report on Controls Placed in Operation and Tests of Operating Effectiveness for the Treasury Bureau of the Public Debt Trust Fund Management Branch for the Period October 1, 2000 to September 30, 2001, OIG-02-028, 12/28/02

**BPD**, Report on the Treasury Bureau of the Public Debt Trust Fund Management Branch Schedules and Notes for Selected Trust Funds for the Period October 1, 2000 to September 30, 2001, OIG-02-042, 2/6/02

**BPD**, Report on the Schedule of Loans Receivable from Federal Entities and Related Interest Receivable Serviced by the Treasury Bureau of the Public Debt September 30, 2001, OIG-02-043, 2/06/02

**Customs**, Revenue Protection: Customs Is Not Collecting All Revenue Due From International Mail, OIG-02-020, 12/13/01

**Financial Management Service**, Audit of the FMS FY 2001 Schedule of Non-Entity Government-Wide Cash, OIG-02-060, 3/4/02

### Assessing Law Enforcement Programs

**ATF**, Protecting the Public: Audit Survey of Alcohol, Tobacco and Firearm's Planning and Expenditures for the Integrated Violence Reduction Strategy, OIG-02-021, 12/14/01

**ATF**, Protecting the Public: Bureau of Alcohol, Tobacco and Firearms Could Improve its National Instant Criminal Background Check System Program, OIG-02-004, 11/1/01

**ATF**, Financial Management: Review of Assertions Included in the Bureau of Alcohol, Tobacco and Firearms' Fiscal Year 2001 Annual Report of Drug Control Funds, OIG-02-053, 2/25/02

**Customs**, Interim Report on Customs ACE Program Management: Customs Needs to Adequately Staff the Modernization Office, OIG-02-058, 3/4/02

**Customs**, Narcotics Interdiction: Remote Video Inspection System Deployment Goals Have Not Been Achieved, OIG-02-033, 1/15/02

**Customs**, Financial Management: Review of Assertions Included in the United States Customs Service's Annual Reporting of Fiscal Year 2001 Drug Control Funds, OIG-02-039, 02/01/02

**Customs**, Enforcement: Stronger Fund Controls are Needed in the Puerto Rico Office of Special Agent-In-Charge, OIG-02-072, 3/27/02,

## Recent Reports

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**Departmental Offices**, General Management: Better Performance Measures Are Needed for Treasury Enforcement Programs, OIG-02-013, 11/16/01

**Departmental Offices**, Financial Management: Review of Assertions Included in the Interagency Crime and Drug Enforcement's FY 2001 Annual Report of Drug Control Funds, OIG-02-045, 2/11/02

**EOAF**, Financial Management: Review of Assertions Included in the Executive Office for Asset Forfeiture's Annual Reporting of FY 2001 Drug Control Funds, OIG-02-035, 1/28/02

**FINCEN**, Financial Management: Review of Assertions Included in the Financial Crimes Enforcement Network's Fiscal Year 2001 Annual Report of Drug Control Funds, OIG-02-044, 2/11/02

**FLETC**, Financial Management: Review of Assertions Included in the Federal Law Enforcement Training Center's FY 2001 Annual Report of Drug Control Funds, OIG-02-041, 2/6/02

**Secret Service**, Financial Management: Review of Assertions Included in the United States Secret Service's FY 2001 Annual Report of Drug Control Funds, OIG-02-050, 2/21/02

### Supporting "World Class" Currency Production

**Mint**, Financial Management: Audit of the United States Mint's Schedule of Custodial Gold and Silver Reserves as of September 30, 2001 and 2000, OIG-02-051, 2/22/02

**Mint**, Manufacturing Operations: The Mint Suspends Its FY 2002 Planned Production of Golden Dollar Coins, OIG-02-066, 3/19/02, **\$2,180,000 S**

**Mint**, Manufacturing Operations: Allegations Regarding the United States Mint's Golden Dollar Production Process Were Not Substantiated, OIG-02-067, 3/21/02

**Mint**, Financial Management: Audit of the United States Mint's FYs 2001 and 2000 Financial Statements, OIG-02-071, 3/26/02

### Working to Maintain Confidence in the Nation's Banking System

**Multi-Bureau**, Information Report: A Primer on 5 Federal Financial Regulatory Agencies, OIG-CA-02-001, 12/6/01

**OCC**, Bank Secrecy Act: OCC Examination Coverage of Trust and Private Banking Services, OIG-02-016, 11/29/01

**OCC**, Audited Financial Statements of the Office of the Comptroller of the Currency for Fiscal Year 2001, OIG-02-046, 2/15/02

**OTS**, Office of Thrift Supervision's Community Reinvestment Act Performance Evaluations, OIG-02-026, 12/21/01

**OTS**, Material Loss Review of Superior Bank, FSB, OIG-02-040, 2/6/02

**OTS**, Audited Financial Statements of the Office of Thrift Supervision for 2001, OIG-02-047, 2/15/02

### Supervised Contract Audits

**ATF**, Agreed Upon Procedures for Solicitation BATF -01-04 for Software Maintenance and Support, OIG-02-001, 10/16/01

**ATF**, Agreed Upon Procedures for Solicitation BATF -01-04 for Software Maintenance and Support, OIG-02-007, 11/5/01, **\$1,669,740 S**

**ATF**, Agreed Upon Procedures for Solicitation BATF -01-04 for Software Maintenance and Support, OIG-02-008, 11/5/01

**ATF**, Agreed Upon Procedures for Solicitation BATF -01-04 for Software Maintenance and Support, OIG-02-009, 11/5/01

**ATF**, Agreed Upon Procedures for Solicitation BATF -01-04 for Software Maintenance and Support, OIG-02-010, 11/5/01

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**ATF**, Agreed Upon Procedures for Solicitation BATF-01-04 for Software Maintenance and Support, OIG-02-011, 11/5/01, **\$17,893,700 S**

**ATF**, Agreed Upon Procedures for Solicitation BATF-01-04 for Software Maintenance and Support, OIG-02-014, 11/15/01, **\$26,539,480 S**

**ATF**, Agreed Upon Procedures for Solicitation BATF-01-04 for Software Maintenance and Support, OIG-02-017, 11/28/01, **\$212,500 S**

**ATF**, Agreed Upon Procedures for Solicitation BATF-01-04 for Software Maintenance and Support, OIG-02-018, 11/29/01, **\$864,430 S**

**ATF**, Agreed Upon Procedures for Solicitation BATF-01-04 for Software Maintenance and Support, OIG-02-019, 12/3/01

**ATF**, Costs Incurred for FY Ending December 31, 1998, OIG-02-023, 12/18/01

**ATF**, Agreed Up on Procedures for Solicitation BATF-01-04 for Software Maintenance and Support, OIG-02-031, 1/4/02

**ATF**, Costs Incurred Under Purchase Orders AT9801065, AT98368093, AT9801377 and AT9801486 for the FY Ended December 31, 1998, OIG-02-055, 2/27/02

**ATF**, Indirect Rates Submitted by Systems, Services, and Design, Inc. Under Contract TATF-01-18, OIG-02-056, 2/28/02

**ATF, Costs** Incurred Under Contract TATF-98-001 for Fiscal Years Ending December 31, 1998 and 1999, OIG-02-061, 3/5/02

**BEP**, Direct and Indirect Costs and Rates Incurred Under Contract TEP-97-23 (N) for Contractor's FYs Ended December 31, 1999 and 2000, OIG-02-003, 10/16/01

**BEP**, Incurred Costs Under Contract TEP-96-32 for Fiscal Year Ended September 30, 2000, OIG-02-006, 11/1/01

**BEP**, Contractor's Price Proposal Submitted Under Contract TEP-01-23, OIG-02-022, 12/18/01, **\$170,900 S**

**BEP**, Equitable Adjustment Proposal Submitted Under Contract TEP-99-29 (TN), OIG-02-025, 12/18/01, **\$680,840 Q**

**BEP**, Contractor's Price Proposal Submitted Under Contract TEP-99-01 (TN) for Currency Paper, OIG-02-030, 1/3/02, **\$836,820 S**

**Customs**, Costs Incurred Under Contracts TC-94-027, TC-99-015, and TC-99-17 for Fiscal Year Ended December 31, 1999, OIG-02-005, 11/1/01

**Customs**, Costs Incurred Under Contract TC-98-014 for FY Ended December 31, 1999, OIG-02-012, 11/5/01

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**Departmental Offices**, Direct Labor and Indirect Cost Rates Submitted Under Contract TOS-99-TBAR, OIG-02-002, 10/16/01

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### Acronyms

ACE	Automated Commercial Environment
ATF	Bureau of Alcohol, Tobacco and Firearms
BASC	Business Anti-Smuggling Coalition
BEP	Bureau of Engraving and Printing
BPD	Bureau of Public Debt
BSA	Bank Secrecy Act
CDFI Fund	Community Development Financial Institutions Fund
CFO	Chief Financial Officer
CIO	Chief Information Officer
CRA	Community Reinvestment Act
Customs	U.S. Customs Service
DCAA	Defense Contract Audit Agency
DO	Departmental Offices
FFMA	Federal Financial Management Improvement Act of 1996
FinCEN	Financial Crimes Enforcement Network
FLETC	Federal Law Enforcement Training Center
FMS	Financial Management Service
FY	Fiscal Year
GAO	Government Accounting Office
ICCC	Internet Credit Card Collection
IMB	International Mail Branches
INS	Immigration and Naturalization Service
IPA	Independent Public Accountant
IRS	Internal Revenue Service
IT	Information Technology
ITC	Inventory Tracking and Closure
NICS	National Instant Criminal Background Check System
OCC	Office of the Comptroller of the Currency
OIG	Office of Inspector General
OMB	Office of Management and Budget
OTS	Office of Thrift Supervision
PCC	Paper Check Conversion
PDD 63	Presidential Decision Directive 63
RVIS	Remote Video Inspection System
SAIC	Special Agent-in-Charge
TCS	Treasury Communication System
TFF	Treasury Forfeiture Fund
YCGII	Youth Crime Gun Interdiction Initiative